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DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

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MINERALS PROGRAM
FILE COPY

October 31, 1990

Mr. Roy Benson
B M & T - Geneva Steel
Division Manager
c/o Keigley Quarry
Box 20-B, RFD #1
Santaquin, Utah 84655

Dear Mr. Benson:

Re: Review of Transfer of Notice of Intention, Large Mining Operations, Comstock Mine, M/021/005, Iron County, Utah

The Division received your letter on October 18, 1990, requesting a transfer of mining properties from C F & I Steel Corporation, to Basic Manufacturing and Technologies - Geneva Steel. Unfortunately, we cannot process this request at this time due to some technical deficiencies with the transfer and surety forms, and Division concerns regarding the current Comstock Mining and Reclamation Plan (MRP).

We would like to offer some suggestions to you, which may help simplify the permitting process for the several new and old sites Geneva Steel is developing. Our advise is to place the Comstock and Mountain Lion properties under one permit and all others being developed in this area (Burke, Tip Top, Chesapeake/Excelsior, etc.) under the Iron Mountain permit. Because the Mountain Lion and Comstock properties are adjacent to one another and already permitted, the process of approval will be much less complicated, as opposed to the sites which are being newly developed by Geneva Steel. To separate the Comstock and Mountain Lion properties from the Iron Mountain permit, should not only simplify, but also, help to expedite the permitting process for both sites.

The Division has several concerns regarding the Comstock permit, which we will ask Geneva Steel to address before approval of the transfer can be made final. An adequate reclamation surety from Geneva Steel must be posted prior to approval. The new surety must be based on an accurate estimate of the disturbed acreage currently found on the Comstock property (and Mountain Lion if included under the same permit). The surety must also include the proposed acreage to be disturbed over the time period covered by the surety. For example, the current surety developed

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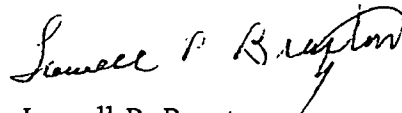
April 14, 1980, covers 260 acres of disturbance. The original MRP or Notice of Intent, indicated that a total of 538 acres would eventually be disturbed at the Comstock site. The latest annual report we have for the property states that 265 acres are currently disturbed. Geneva and the Division will have to verify this acreage before proceeding with a surety estimate. We propose a site inspection in mid-November to accomplish this, as well as addressing other concerns.

Another issue we will be reviewing, in regard to this transfer, concerns the advance of the Comstock's waste dumps into a pinyon-juniper plant community, presently established at the toe of these dumps. Apparently, the operations original plan does not address the salvaging/pre-stripping of topsoil material, before the deposit of waste material. Also, the plan does not address the regrading of dump slopes to an angle less than repose (approximately 1.5:1(h:v)). The Division asks that Geneva reclaim these dump slopes to an angle of 2.5:1(h:v) or less, which would be more favorable to revegetation success. The Division would like to discuss these concerns with you during our next site visit. If it is determined that soil salvage and regrading is feasible, Geneva must revise this portion of the existing Comstock MRP (see Minerals Rule R613-004-102).

We have attached xeroxed copies of the forms you have already submitted to us. You will find comments on each form addressing deficiencies or missing information (see yellow labeled and highlighted pages). You will need a new January 1990 Surety Bond form, which we have also enclosed.

Please call me or Wayne Hedberg if you have further questions. Thank you for your attention to these permitting concerns.

Sincerely,



Lowell P. Braxton
Associate Director, Mining

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Enclosures
cc: Wayne Hedberg
Minerals Staff
MNM021005.2